

STATE OF SOUTH CAROLINA

South Carolina Electric & Gas Company Contract for
natural gas service

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2010 - - G

(Please type or print)

Submitted by: K. Chad Burgess

SC Bar Number: 69456

Address: SCANA Corp.
220 Operation Way MC C222
Cayce, SC 29033-3701

Telephone: 803-217-8141

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Other:

Email: chad.burgess@scana.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input checked="" type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



K. Chad Burgess
Associate General Counsel

chad.burgess@scana.com

December 17, 2010

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: South Carolina Electric & Gas Company
Request for Approval of Agreement for Transportation Service with Firm Gas
Standby

Dear Ms. Boyd:

Pursuant to 26 S.C. Code Ann. Regs. 103-403, South Carolina Electric & Gas Company ("SCE&G") hereby files and seeks approval of the enclosed Agreement for Transportation Service with Firm Gas Standby ("Contract") between SCE&G and Seawatch North Tower Property Owners Association, Inc.

By copy of this letter, we are providing counsel for the South Carolina Office of Regulatory Staff with a copy of the Contract.

If you have any questions, please advise.

Very truly yours,

K. Chad Burgess

KCB/kms
Enclosure

cc: Jeffrey M. Nelson, Esquire
John Flitter
(both via U.S. First Class Mail)

This original
to be returned
to SCE&G Company

AGREEMENT FOR TRANSPORTATION SERVICE
WITH FIRM GAS STANDBY

This Agreement made and entered into this 2nd day of December, 2010, by and between SOUTH CAROLINA ELECTRIC & GAS COMPANY, its successors and assigns, hereinafter called "Seller" and SEAWATCH NORTH TOWER PROPERTY OWNERS ASSOCIATION, INC., its successors and assigns, hereinafter called "Buyer".

WITNESSETH

WHEREAS, Seller owns and operates a natural gas system in the State of South Carolina which supplies natural gas for certain industrial operations under specific contracts with industrial customers, and

WHEREAS, Seller supplies Firm natural gas to Buyer under Seller's Firm General Service Tariff Rate Schedule 33, and effective December 1, 2010, Buyer will receive service under the terms of this Agreement.

WHEREAS, Buyer has requested that Seller transport certain volumes of natural gas belonging to Buyer through Seller's facilities and deliver said volumes of gas to Buyer to displace purchases of Firm gas from Seller's system supply, and

WHEREAS, Buyer has requested that Seller provide Firm natural gas from Seller's system supply when not providing transportation services for Buyer, and

WHEREAS, Buyer has agreed to purchase natural gas from Seller according to the terms and conditions of this Agreement to the extent Buyer has a requirement for fuel in Priority-of-Service Category 2 as set forth in Article III, Paragraph 1, of the General Terms and Conditions to Industrial Service Agreements hereto attached, for Buyer's facility located at 158 Seawatch Drive, Myrtle Beach, South Carolina.

NOW THEREFORE, in consideration of the covenants and agreements hereinafter set forth, to be kept and performed by the parties hereto, it is mutually agreed as follows:

1. SCOPE OF DELIVERY

FIRM GAS, PRIORITY-OF-SERVICE CATEGORY 2

Seller acknowledges that Buyer may utilize a source of gas other than system supply gas from Seller's sources. Buyer's gas may be transported to Buyer by Seller under the Transportation services provision of this Agreement. Natural gas is provided hereunder to satisfy Buyer's requirements when Seller is not providing transportation services.

Buyer agrees to purchase from Seller, and Seller agrees to sell to Buyer, up to the Maximum Daily Quantity of natural gas which shall not be subject to interruption or curtailment except for conditions as set forth in Article IV, Paragraph 3, of the General Terms and Conditions hereto attached. The Maximum Daily Quantity of Firm Gas shall be 52 dekatherms per day. Any gas taken by Buyer above the Maximum Daily Quantity, after notice from Seller of curtailment to the Maximum Daily Quantity, without Seller's advance approval, shall be Unauthorized Overrun Gas and shall subject Buyer to the penalty rate per dekatherm set forth in Article IV, Paragraph 5, of the General Terms and Conditions to Industrial Service Agreements hereto attached. Deliveries of Firm Gas under this paragraph of the Agreement shall be utilized by Buyer only in Priority-of-Service Category 2 as set forth in Article III, Paragraph 1, of the General Terms and Conditions hereto attached. Buyer shall purchase all gas tendered by Seller up to the Maximum Daily Quantity whenever and to the extent Buyer has a requirement for fuel in the Priority-of-Service Category set forth herein.

2. HOURLY DELIVERIES

Seller shall not be obligated to make hourly deliveries of gas pursuant to Paragraph 1 above at an hourly rate exceeding 3 dekatherms per hour. Seller reserves the right to regulate the flow of gas delivered hereunder by means of automatic or manually operated flow control valves so as to limit the hourly flow of gas within the specified quantity.

3. POINT OF DELIVERY

The Point of Delivery for all gas delivered hereunder shall be at the outlet side of Seller's measuring and regulating equipment. The measuring equipment shall be installed on the Buyer's property at a location mutually agreed upon by Seller and Buyer. All gas shall be delivered at this location and it shall be the Buyer's responsibility to extend all fuel lines from this location to the point or points of usage.

4. DELIVERY PRESSURE

Seller agrees to use due care and diligence to furnish gas hereunder at such uniform pressure as Seller may elect up to, but not exceeding 20 pounds per square inch gauge, and not less than 5 pounds per square inch gauge, at the "Point of Delivery". Buyer shall be responsible for the installation and operation of adequate safety equipment downstream of the Point of Delivery so as to relieve or control pressure variations within the limits described above that may, for any reason through malfunction of Seller's equipment or otherwise, occur on Buyer's side of the "Delivery Point".

5. TRANSPORTATION SERVICE

(a) SCOPE OF SERVICE

Seller agrees to accept deliveries of natural gas belonging to Buyer at Seller's delivery point from the upstream pipeline and to transport Buyer's gas and redeliver to Buyer. Service provided hereunder is in lieu of natural gas provided from system supply. Buyer agrees that the transportation service is provided on an interruptible basis. Interruptions shall be at the sole discretion of Seller or whenever service is interrupted by any upstream pipeline.

(b) NOMINATION PROCEDURES

Seller agrees to accept and transport up to 52 dekatherms, excluding shrinkage volumes, of natural gas on a daily basis. Buyer will notify Seller at least five (5) days prior to the end of the month the volumes of gas, in dekatherms, to be transported on a daily basis during the next calendar month. Buyer has the right to change the volume to be transported during the month on a daily basis. It is Buyer's responsibility to notify producers and connecting pipelines regarding any change in transportation volumes. Seller will accept changes in daily volumes dispatched from an upstream pipeline; however, Seller reserves the right to limit or restrict the volumes accepted and transported at any time whenever, in Seller's sole opinion, operating conditions warrant a limitation or restriction on the acceptance or delivery of transportation gas. Limitations or restrictions may be because of, but not limited to, the utilization of deliverability capacity of Seller for Seller's system supply requirements.

(c) SHRINKAGE

Volumes retained by Seller for shrinkage will be as specified in Rate 35, attached as Exhibit A.

(d) BALANCING

Balancing will be in accordance with the provisions specified in Rate 35, attached as Exhibit A.

(e) POSSESSION OF GAS

After Buyer delivers gas or causes gas to be delivered to Seller at the point(s) of receipt hereunder, Seller shall be deemed to be in control and possession of the gas until it is redelivered to Buyer at the point of delivery. Buyer shall have no responsibility with respect to any gas deliverable by Seller or on account of anything which may be done, happen or arise, with respect to such gas until Seller delivers such gas to Buyer or for the account of Buyer. Seller shall have

no responsibility with respect to such gas before Buyer delivers such gas to Seller or after Seller redelivers such gas to Buyer or on account of anything which may be done, happen or arise with respect to such gas before such delivery or after such redelivery.

(f) WARRANTY OF TITLE TO GAS

The Buyer warrants for itself, its successors and assigns, that it will at the time of delivery to Seller for transportation have good and merchantable title to all gas so delivered free and clear of all liens, encumbrances and claims whatsoever. Buyer will indemnify Seller and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas, including claims for any royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to Seller for transportation.

(g) PRIORITY AND ALLOCATION OF TRANSPORTATION SERVICE

It is acknowledged by Buyer that other end-users of natural gas may from time to time contract with Seller for the transportation of natural gas owned by them. In the event that available capacity or operating conditions exist which limit the acceptance by Seller of natural gas to an amount that is less than the aggregate volume of all such natural gas tendered for transportation and redelivery by any or all end-users that have contracted with Seller for transportation service, the following priorities and allocations shall apply:

- (1) All natural gas purchased by Seller for its system supply or otherwise owned by Seller shall have the highest priority of acceptance into Seller's system and the highest priority of delivery throughout Seller's system.
- (2) The priority of acceptance of natural gas owned by end-users, whoever they may be from time to time, and tendered to Seller's system for redelivery thereof shall be based upon the category of service, pursuant to the General Terms and Conditions to Industrial Service Agreements attached hereto, for which Seller has agreed to provide standby service associated with a Transportation Agreement with any such end-user. Higher priorities of standby service pursuant to individual agreements between Seller and end-users shall determine the priority of acceptability and redeliverability of natural gas tendered to Seller for transportation in accordance with the priority categories in the Curtailment Plan. If any Transportation Agreement between Seller and an end-user does not contain a provision for standby service and a specified category of service with respect to said standby service provision, then the acceptability and redeliverability of any natural gas tendered by such end-user to Seller shall have the lowest priority of acceptability and redeliverability.

- (3) In the event that the total volume of natural gas tendered to Seller for acceptance and redelivery relative to a single category of standby service is greater than the capacity determined by Seller to be available for acceptance and redelivery of natural gas in said category of standby service, then acceptance and redelivery of such tendered gas shall be allocated pro rata based upon the contract volumes in all agreements for transportation service containing said category of standby service on the Seller's system.
- (4) The determination of the existence of limitations on capacity or operating conditions which limit the acceptability or deliverability of natural gas tendered to Seller for transportation shall be at the sole discretion and judgment of Seller.

(h) SPECIAL PROVISIONS

- (1) The Buyer bears sole responsibility for costs incurred to deliver transportation gas to Seller.
- (2) Buyer shall be required to reimburse Seller for any out-of-pocket expenses incurred in connection with the initiation and rendering of service under this Transportation Agreement.
- (3) Seller retains sole discretion as to whether or not a particular Buyer or particular Buyers shall receive service pursuant to Transportation Agreements.
- (4) It is contemplated that service pursuant to this Transportation Agreement shall be provided within the existing limitations of Seller's system, and Seller shall not be required to expand or alter the said system.
- (5) Transportation service may be curtailed or discontinued at the sole option of Seller after not less than two (2) hours advance notice by telephone or otherwise. However, the Buyer shall continue to hold title to any gas (less shrinkage) received by Seller and not delivered prior to such curtailment or discontinuance. Seller will notify Buyer when conditions permit Seller to resume transportation service.

6. INITIAL SERVICE

Buyer agrees to begin purchasing natural gas under the terms and conditions of this Agreement at 10:00 A.M. Eastern Time on December 1, 2010.

7. TERM OF AGREEMENT

This Agreement shall become effective on December 1, 2010, and shall continue in full force and effect through November 30, 2011, and from month to month thereafter unless either party shall give written notice of intention to terminate at least thirty (30) days prior to the expiration of the original term or any one month extension thereof.

8. RATE

Each month, the daily volumes of gas delivered by Seller to Buyer in Priority-of-Service Category 2 shall be billed on Rate 35 attached as Exhibit A, as presently exists or as amended or superseded by the Public Service Commission of South Carolina.

Gas volumes will be corrected for BTU content, pressure, temperature, supercompressibility, specific gravity, and other factors where applicable.

Seller's "Purchased Gas Adjustment" applicable to Rate 35 shall be determined according to the method shown in Exhibit B, attached hereto, as may be amended, revised, or superseded by the Public Service Commission of South Carolina and shall apply to all service supplied under Rate 35.

9. BILLING VOLUMES

For the purpose of billing, the parties agree that the first gas delivered through the Point of Delivery shall be the volumes transported for Buyer on a daily basis pursuant to the transportation service specified in Paragraph 5 herein. All volumes in excess of the transported volumes will be considered as having been delivered from Seller's system supply pursuant to the standby provisions of this Agreement.

10. CREDITWORTHINESS

Seller, in order to satisfy itself of the ability of the Buyer to meet its obligations under the contract, may conduct periodic reasonable credit reviews in accordance with standard commercial practices. Buyer agrees to assist in these reviews by providing financial information and at the request of the Seller, will maintain such credit support or surety including, but not limited to, an unconditional and irrevocable letter of credit to provide adequate security for protection against the risk of nonpayment.

11. ASSIGNMENT

Customer shall not assign this Agreement or its rights hereunder without the prior written consent of the Company, which consent may be withheld in the exercise of its sole discretion.

12. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions to Industrial Service Agreements dated January 1, 1985, attached hereto and duly executed by both parties, are hereby incorporated in and made a part of this Service Agreement. Should there be any conflict between any portion of the General Terms and Conditions to Industrial Service Agreements and this Agreement, the parties agree that the Agreement shall prevail.

13. NOTICES

All correspondence required of Buyer and Seller under this Service Agreement is to be addressed as follows:

To Seller: South Carolina Electric & Gas Company
Contract Administration, Mail Code 102
Columbia, SC 29218

To Buyer: Attn: Susan Housand
Seawatch Tower North
1331 44th Ave N Ste 201
Myrtle Beach, SC 29577-5972

IN WITNESS WHEREOF, this Service Agreement has been executed on the date first above written by the parties hereto by their officers or other representatives.

SEAWATCH NORTH TOWER PROPERTY
OWNERS ASSOCIATION, INC.

Buyer

Henry P. Panza

By

President

Title

11/19/2010

Date

SOUTH CAROLINA ELECTRIC & GAS
COMPANY

Seller

Martin K. Phalen

By Martin K. Phalen

VICE PRESIDENT – GAS OPERATIONS

Title

12/2/10

Date

Exhibit A

SOUTH CAROLINA ELECTRIC & GAS COMPANY

GAS

RATE 35

TRANSPORTATION AND STANDBY SERVICE

(Page 1 of 2)

AVAILABILITY

Transportation service is available to any customer who has firm requirements of 50 Dekatherms Maximum daily Quantity (MDQ) or greater and, who owns and delivers gas to the Company at an acceptable point of connection, for delivery by the Company to the customer's regular point of service.

Service will be supplied at the best efforts of the Company and may be restricted from time to time due to operating limitations on the Company's system or from third party restrictions. In the event of such limitations, the transportation service is subordinate to service under all other rate schedules and may be curtailed or interrupted, normally upon not less than two hours advance notice, or, when necessitated by conditions affecting the Company's gas system, upon less than two hours advance notice.

RATE PER MONTH

Transportation Service

Monthly Demand Charge:

First	50 Dekatherms @	\$552.00	
Excess over	50 Dekatherms @	\$7.19	per Dekatherm
Commodity Charge @		\$ 1.4583	per delivered Dekatherm

DETERMINATION OF BILLING DEMAND

(a) **Billing Months of November-April:**

The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) The contract MDQ; or (3) 50 Dekatherms.

(b) **Billing Months of May-October:**

The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) 50% of the contract MDQ; or (3) 50% of the highest MDQ occurring during any of the preceding billing months of November-April; or (4) 50 Dekatherms.

Standby Service

In addition to the demand charges for transportation service the following charges will apply for gas supplied by the Company.

(a) **Billing Months of November-April:**

The monthly billing demand shall be the greatest of: (1) The actual MDQ; (2) The contract MDQ; or (3) 50 Dekatherms.

Demand Charge @	\$6.00	per Dekatherm
Commodity Charge @	\$ 7.9213	per Dekatherm

(b) **Billing Months of May-October:**

Demand Charge @	None	
Commodity Charge @	\$ 7.9213	per Dekatherm

MINIMUM CHARGE

The monthly minimum charge shall be the demand charges as determined above.

ADJUSTMENT FOR RECOVERY OF GAS COSTS

The commodity charges above include gas costs of \$6.4704 per dekatherm. These charges are subject to adjustment by order of the Public Service Commission of South Carolina.

DELIVERED GAS QUANTITY

When separate metering is not feasible, the Company shall assume for billing purposes, unless otherwise agreed to, that such metered volumes reflect deliveries under this rate schedule prior to gas received under any other rate schedule.

The quantity of transportation gas received into the Company's system for the customer's account to be delivered to the customer by the Company shall be reduced by 3% in measurement for line loss and unaccounted for gas.

Effective For Bills Rendered On and After the 1st Billing Cycle of November 2010

RATE 35

TRANSPORTATION AND STANDBY SERVICE

(Page 2 of 2)

DELIVERED GAS QUANTITY

The volume of gas received on a daily basis for customer's account may not equal the volume, less shrinkage, delivered to the customer. The result will be deemed an imbalance. Customer's account will be reviewed at the end of each month, or on termination of Transportation Service or curtailment or discontinuance thereof. If the imbalance is such that the customer has received more gas than was delivered to the Company during the period under review, customer shall be billed for such as standby service. If the imbalance is such that the customer has received less gas than was delivered to the Company, the Company may exercise one of two options, in its sole discretion. The Company may: (1) deliver the excess gas to the customer, over the next calendar month succeeding the review, at such times as the Company shall determine in its sole discretion; or (2) buy excess gas at Company's lowest delivered purchase price in that month from any of Company's suppliers.

LIABILITY

The Company shall not be liable for curtailment of service under this rate schedule or loss of gas of the customer as a result of any steps taken to comply with any law, regulation, or order of any governmental agency with jurisdiction to regulate, allocate or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.

Gas shall be and remain the property of the customer while being transported and delivered by the Company. The customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.

The Company shall not be liable for any loss to the customer arising from or out of service under this rate schedule, including loss of gas in the possession of the Company or any other cause, except gross or willful negligence of the Company's own employees or agents. The Company reserves the right to commingle gas of the customer with other supplies.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

TERM OF CONTRACT

The customer shall execute an Agreement of Service with the Company which shall specify the maximum daily volume of gas to be transported, the period of time that the Company will receive such gas, and all conditions under which delivery to the Company will be accepted and delivery to the customer will be made. The customer must provide the Company with all necessary documentation of ownership and authorization required by any regulatory body with jurisdiction.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

ANNUAL NOMINATION

Customers must elect to receive a) Transportation Service only, b) Transportation Service with Standby Service, or c) Standby Service only for each applicable period. Such elections must be made to the Company in writing by October 15th of each year to be effective for each month during the period November 1st to October 31st following. New customers under this tariff shall elect volumes at the time their service contract becomes effective. If no prior election has been made then the customer will receive Standby Service only. If any customer fails to make a timely election, then the prior period election will carry over for the following period. All elections shall be binding for the duration of the November 1st to October 31st period and may not be revoked, suspended or modified by the Customer.

EXHIBIT B

SOUTH CAROLINA ELECTRIC AND GAS COMPANY PURCHASED GAS ADJUSTMENT FIRM GAS ONLY

This adjustment is applicable to and is part of the Company's firm gas rate schedules. The cost will be calculated to the nearest one-thousandths of a cent, as determined by the following formula, and will be included in the base rates to the extent approved by the Public Service Commission. All costs and factors will be recalculated monthly for a forward looking 12-month period. Adjustments in gas cost factors will be made for all factors in any month in which the recalculation indicates that any factor requires an adjustment of more than \$0.04 per therm. If the recalculation indicates the adjustment is less than or equal to \$0.04 per therm, then the Company may nevertheless adjust the rate if, in its sole discretion, it determines that a rate adjustment would reasonably impact customers' bills. The recalculation shall be made based on information current as of a mid-month date selected by the Company which allows for revised factors to be filed and acted on by the Commission before the first billing cycle of the month in which they are to be effective. All components of the recalculation (commodity costs, demand charges, firm sales, industrial revenue credits, capacity release credits, over or under collections, carrying costs, etc.) shall reflect current forecasts and balances as of the date of the recalculation. Differences between firm cost of gas revenues actually billed and firm cost of gas expenses actually incurred for each month, as defined below, will be calculated monthly, for both Demand Charges and Firm Commodity Benchmark charges, and accumulated. The accumulated amounts will be applied to subsequent cost of gas factor calculations as detailed herein with monthly carrying costs calculated at the rate of one-twelfth of the annual applicable interest rate. This annual rate is defined as the rate of interest as of the first day of each month for 10-year U.S. Government Treasury Bills plus an all-in spread of 65 basis points (0.65 percentage points) with this total carrying costs annual rate not exceed 6%. The rate will be applied to the cumulative balance of over or under recovery as of the close of the prior month for each customer class for both demand and commodity with no carrying cost applied to over or under-collection balances equal to or exceeding \$20 million dollars. The resulting interest adjustment will be applied to the demand and commodity cost of gas recovery balances for each customer class. The Demand Charges and Firm Commodity Benchmark charges shall be calculated as set forth below.

A. Demand Charges:

$$\text{Demand Charges per Therm by Class} = \frac{[a-(b+c)] \times \text{Rate Class Percentages}}{\text{Firm Sales Therms by Rate Class}}$$

- (a) Capacity charges and reservation fees for transportation, storage and LNG.
- (b) Released capacity at 75% of the net compensation received from secondary market transactions. (See "Note-1" below)
- (c) Margin Revenue from interruptible rates above \$.02081 per therm. Margin Revenue is the total amount received for such sale less the commodity cost of gas determined in B below.

Effective On and After The First Billing Cycle of January 2010

EXHIBIT B

All calculations of Demand Charges by customer class shall be done monthly. The full amount of any Margin Revenue as stated in C above, shall be credited to the Demand Cost. Additionally, SCE&G will revise the rate class percentages to reflect the current weighting of 50% of annual peak day forecast and 50% of forecast annual sales in each annual Purchased Gas Adjustment filing.

NOTE-1: "Released Capacity" shall include all transactions which involve the use of gas transportation capacity rights, storage rights or similar off-system rights or assets owned by SCE&G, but only if the cost of those rights or assets is borne by firm gas customers in South Carolina. "Net value received" shall mean the gross compensation received from the "released capacity" transactions, less all transportation charges, taxes or other governmental charges, brokerage fees or commissions, or other costs or charges related to the transaction, including all costs incurred in purchasing natural gas supplies that form part of the transaction.

B. Firm Commodity Benchmark:

Where: Firm Gas Cost per Therm = $\frac{(p-d)}{s}$

- (p) Total variable cost of natural gas (processed or unprocessed), vaporized liquid natural gas, synthetic gas, propane-air mixture, landfill gas, or other source of methane gas or any mixture of these gases entering the Company's system in dollars including any additions or subtractions from Price Risk Adjustment.
- (d) The cost of gas attributable to all sales made by the Company to customers under an interruptible rate or contract or any Special Market Priced Customers, such costs to be calculated by dividing the total price paid for commodity gas for the month by the volumes of gas purchased for the month (adjusted for shrinkage) with the resulting unit price then multiplied by interruptible sales therms for the month. (See "Note-2" Below)
- (s) Total firm therm sales of gas. Total sales being defined as those sales excluding gas sold under D above recorded on the Company's books in Accounts 480 through 483 per The Uniform System of Accounts for Class A and B Gas Utilities of the National Association of Regulatory Utility Commissioners (NARUC).

NOTE-2: Special Market Priced Gas includes, without limitation, market priced gas sold to Compressed Natural Gas (CNG) customers under SCE&G's Developmental Rate for CNG and emergency gas customers sold under provisions providing for Emergency Gas sales. The appropriate revenue related tax factor is to be included in the calculation of Demand Charges and the Firm Commodity Benchmark.

C. Alternative Commodity Benchmark Calculation Related to Interruptible Sales

Interruptible sales are priced to reflect the cost of gas supplies available at the time the sales are transacted. The Firm Commodity Benchmark is calculated as a system-wide average at month's end. In some cases, the market price of gas supplies may change within a month such that the Firm Commodity Benchmark plus \$.02081 per therm is higher than the price quoted for interruptible sales. In such cases, SCE&G may calculate an Alternative Commodity Benchmark for those interruptible sales whose prices fall below the Firm Commodity Benchmark. SCE&G shall then use that Alternative Commodity Benchmark plus \$.02081 per therm in calculating the Margin Revenue from those sales.

EXHIBIT B

The Alternative Commodity Benchmark --The Alternative Commodity Benchmark shall be calculated using the following formula:

$$\text{Cost of Gas per Therm} = \frac{p}{d}$$

- (p) Total variable cost of gas (of whatever type) entering the Company's system that was purchased, nominated, injected or otherwise obtained to support the interruptible sales whose prices are lower than the Firm Commodity Benchmark.
- (d) The interruptible sales, in therms, whose prices are lower than the Firm Commodity Benchmark.

The costs and quantities of gas used in such calculation shall be excluded from the calculation of the Firm Commodity Benchmark under Section B, above.

Margin Revenue from Interruptible Sales: In those months in which SCE&G elects to compute an Alternative Commodity Benchmark for interruptible sales, it shall use that Alternative Commodity Benchmark to compute Margin Revenue from interruptible sales and shall include the Margin Revenue so calculated in factor (c) of the Demand Cost calculation under Section A, above.

Whenever SCE&G elects to compute an Alternative Commodity Benchmark for interruptible sales, it shall provide written notice thereof to the Commission and the Office of Regulatory Staff, within 30 days of adopting the resulting adjustment to prices and volumes.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

GENERAL TERMS AND CONDITIONS TO INDUSTRIAL SERVICE AGREEMENTS FOR GAS

JANUARY 1, 1985

ORIGINAL

This original
to be returned
to SCE&G Company

Article I GENERAL

These Terms and Conditions to Industrial Service Agreements are supplementary to the Rules and Regulations issued by the Public Service Commission of South Carolina and the General Terms and Conditions of South Carolina Electric & Gas Company as provided by the Public Service Commission of South Carolina.

The provision of these Terms and Conditions apply to all persons, partnerships, corporations or others designated as industrial users who are lawfully receiving gas service from South Carolina Electric & Gas Company under rate schedules or service agreements filed with the Commission.

South Carolina Electric & Gas Company is referred to herein as "Seller", and the user or prospective user is referred to as "Buyer". The Public Service Commission of South Carolina is referred to herein as "Commission".

Article II DEFINITIONS

Except where the context otherwise indicates another or different meaning or intent, the following terms are intended and used and shall be construed to have meaning as follows:

1. "Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at 8:00 A.M. Eastern Time or at such time as the Seller and the Buyer may agree upon.
2. "Month" shall mean the period between any two (2) regular readings of Seller's meters which shall not be less than twenty-eight (28) days nor more than thirty-four (34) days.
3. "Year" shall mean a period of 365 days commencing with the day of first delivery of gas hereunder, and each 365 days thereafter except that in a year having a date of February 29th, such year shall consist of 366 days.
4. "Cubic foot of gas" shall mean the amount of gas required to fill a cubic foot of space when the gas is at an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch at a temperature of sixty (60) degrees Fahrenheit.
5. "CCF" shall mean one hundred (100) cubic feet of gas.
6. "MCF" shall mean one thousand (1000) cubic feet of gas.
7. "BTU" shall mean a British Thermal Unit and is the amount of heat required to raise the temperature of one (1) pound of water 1° Fahrenheit at 60° Fahrenheit.
8. "MMBTU" shall mean one million British Thermal Units.
9. "Therm" shall mean the quantity of heat energy which is 100,000 British Thermal Units.
10. "Dekatherm" (dt) shall mean ten million British Thermal Units and is synonymous to the term MMBTU.
11. "Natural Gas" or "Gas" shall mean natural gas, processed, unprocessed, vaporized liquid natural gas, synthetic gas, propane-air mixture or any mixture of these gases.
12. "Firm Service" shall mean from published tariffs and/or contracts under which Seller is expressly obligated to deliver specific volumes within a given time period and which anticipates no interruptions but which may permit unexpected interruption in case the supply to higher priority customers is threatened.
13. "Interruptible Service" shall mean service from approved contracts under which Company is not expressly obligated to deliver specific volumes within a given time period, and which anticipates and permits interruption on short notice, or service under approved contracts which expressly or impliedly require installation of alternate fuel capability.
14. "Commercial Service" shall mean service to Customers engaged primarily in the sale of goods or services including institutions and local, state and federal government agencies for uses other than those involving manufacturing or electric power generation.
15. "Industrial Services" shall mean service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.
16. "Plant Protection Gas" shall mean the minimum volumes required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production. A determination will be made by the Seller of minimum volumes required. Such essential volumes will be dispatched accordingly.
17. "Feedstock Gas" shall mean natural gas used as a raw material for its chemical properties in creating an end product.
18. "Process Gas" shall mean gas used for which alternate fuels, other than another gaseous fuel, are not technically feasible such as in applications requiring precise temperature controls and precise flame characteristics.
19. "Boiler Fuel" shall mean natural gas used as fuel for the generation of steam and in internal combustion turbine engines for the generations of electricity.
20. "Alternate Fuel Capability" shall mean a situation where an alternate fuel could have been utilized whether or not the facilities for such use have actually been installed; provided however, where the use of natural gas is for plant protection, feedstock or process uses and the only alternate fuel is propane or other gaseous fuel, then the Buyer will be treated as if he had no alternate fuel capability.
21. "Gas Supply Deficiency" shall mean any occurrence relating to Seller's gas supply which causes Seller to deliver less than the total requirements of its system, including failures of suppliers to deliver gas for any reason, requirement of gas for system storage, conservation of gas for future delivery, or any other occurrence which is not enumerated herein which affects Seller's gas supply.
22. "Storage Injection Requirements" shall mean all volumes required by the Seller for injection into underground storage, including cushion gas, and for liquefaction, including fuel used for injection and in liquefaction plants, or for such other storage projects that may be developed expressly for the protection of supply to high priority users.
23. "Seller Use" shall mean fuel used for gas compression, LPG plants and LNG plants, other gas needed by Seller's facilities to furnish the requirements of Buyers, together with unaccounted for gas. This gas shall be considered included in Priority of Service Category 1. Other vital uses of Seller, such as flame stabilization requirements, will be met as long as such uses do not jeopardize service to its firm service Buyers.
24. "Essential Human Needs" shall mean natural gas service, which, if denied, would cause shutdown of an operation resulting in the closing of the establishment essential to maintaining the health and safety of the general public.
25. "The Point of Delivery" shall be at the outlet of the Seller's measuring equipment and regulating equipment.
26. "Emergency Service" shall mean supplemental deliveries of natural gas that may be required to forestall irreparable injury to life or property including environmental emergencies.

Article III CURTAILMENT OF SERVICE

In the event of a Gas Supply Deficiency on the Seller's system, the Seller shall require curtailment of service to Buyer in accordance with the following procedure:

- a. The Seller shall order curtailment of sales made to Buyer's purchasing gas under the Seller's rate schedules or special contracts in descending order in accordance with priority of service categories set forth below. Approved emergency gas is accepted from curtailment.
 1. Residential and small commercial Buyers (less than 50 MCF on a peak day) and essential human needs customers where there is no installed or available alternate fuel capability.
 2. Large commercial direct flame requirements (50 MCF or more on a peak day); firm industrial requirements for plant protection, feedstock and process needs; and storage injection requirements.
 - 3A. Firm industrial requirements for uses other than boiler fuel which do not qualify for Category 2.
 - 3B. Firm commercial and industrial boiler fuel requirements up to 1,000 MCF on a peak day.
 - 3C. Interruptible requirements for human need types of facilities such as public buildings, hospitals and laundries.
 - 3D. Interruptible requirements for direct flame applications which can utilize only another gaseous fuel as an alternate.
 - 3E. Interruptible requirements for direct flame applications which can utilize a fuel other than a gaseous fuel as an alternate.
 - 3F. Interruptible requirements for boiler fuel use of less than 300 MCF on a peak day.
 4. (LEFT BLANK INTENTIONALLY)
 5. (LEFT BLANK INTENTIONALLY)

**Article X
BILLING**

1. Bills computed from readings taken of Seller's meters shall be rendered and paid monthly with ten (10) days of the billing date. A month shall mean a period beginning on the first recognized work day of the calendar month and ending on the first recognized work day of the next succeeding calendar month, or at such other equivalent period as Seller may deem necessary. Should Buyer fail to pay any amount due to Seller when same is due, a late payment charge of one and one half percent (1 1/2 %) will be added to any balance remaining twenty-five (25) days after the billing date. If such failure to pay continues, Seller may suspend deliveries of gas hereunder. The exercise of such right shall be in addition to any and all other remedies available to Seller.
2. If it shall be found that Buyer has been overcharged or undercharged in any form whatsoever under the provision hereunder, Seller shall take action to correct such billing pursuant to current Rules and Regulations governing gas systems issued by the South Carolina Public Service Commission.

**Article XI
POSSESSION OF GAS AND INDEMNIFICATION**

1. As between the parties hereto, Seller shall be deemed to be in control and possession of the gas deliverable hereunder until it shall have been delivered to Buyer at the Point of Delivery after which Buyer shall be deemed to be in control and possession thereof.
2. Buyer shall indemnify and hold harmless the Seller from any and all loss (including death), damage, or liability incurred by the Seller by reason of any act of the Buyer, its agents or employees, in the receiving, use or application of said gas on the Buyer's side of the Point of Delivery unless the same shall be due to the sole negligence of the Seller, its agents or employees. The Seller shall indemnify and hold harmless the Buyer from any and all loss (including death), damage or liability incurred by the Buyer by reason of any act of the Seller, its agents or employees, unless the same shall be due to the sole negligence of the Buyer, its agents or employees.

**Article XII
WARRANTY OF TITLE TO GAS**

1. Seller warrants the title to all gas delivered hereunder and the right to sell the same and that such gas shall be free and clear from all liens and adverse claims.

**Article XIII
FORCE MAJEURE**

1. In the event of either party hereto being rendered unable wholly or in part by force majeure to carry out its obligations under this contract, other than to make payments due hereunder, it is agreed that on such party giving notice and full particulars of such force majeure in writing or by telegraph to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuous of any inability so caused but for no longer period and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, and restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery or lines or pipe, freezing of wells or lines or pipe, partial or entire failure of source of supply, and any other causes whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such terms shall likewise include (a) in those instances where either party hereto is required to obtain servitudes, rights-of-way grants, permits, or licenses; and (b) in those instances where either party hereto is required to furnish materials and supplies to secure grants or permission from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire at reasonable cost and after the exercise of reasonable diligence such materials and supplies, permits and permissions.
2. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party involved and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts according to the demands of opposing party when such course is inadvisable in the discretion of such party.

**Article XIV
MISCELLANEOUS**

1. If either party shall fail to perform any of the covenants or obligations imposed upon it under and by virtue of the Service Agreement of which these General Terms and Conditions are a part, (except where such failure shall be excused under any of the provisions of this Service Agreement), then in such event, the other party may, at its option, terminate this Service Agreement by proceeding as follows: The party not in default shall cause a written notice to be served on the party in default, stating specifically the cause for terminating this Service Agreement and declaring it to be the intention of the party giving the notice to terminate the same; thereupon, the party in default shall have thirty (30) days after the service of the aforesaid notice in which to remedy and remove said cause or causes and fully indemnify the party not in default for any and all consequences of such breach, then such notice shall be withdrawn and this Service Agreement shall continue in full force and effect. In case the party in default does not so remedy and remove the notice for any and all consequences of such breach, within said period of thirty (30) days, then this Service Agreement shall become null and void from and after the expiration of said period. Any cancellation of this Service Agreement pursuant to the provisions of this Article shall be without prejudice to the right of party not in default to collect any amounts then due it and without waiver of any other remedy to which the party not in default may be entitled for violation of this Service Agreement.
2. The Service Agreement, of which these General Terms and Conditions are a part thereof, shall be binding upon and inure to the benefit of the Seller and the Buyer and their successors and assigns.
3. Except as otherwise provided, any notice, request, demand, statement or bill, which either Buyer or Seller may desire to give to the other shall be in writing and shall be considered as fully delivered when mailed by prepaid registered mail addressed to said party at its last known post office address, or at such other addresses as either party may designate in writing. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by either registered or ordinary mail.
4. Buyer covenants and agrees to execute or file, or cooperate with Seller in the execution or filing of, any report, certificate or other document required by any governmental agency having jurisdiction over this contract or the parties hereto, or any other certificate or document requested by Seller necessary for Seller to obtain the benefit of any exemption from sales, use or other tax. Buyer shall indemnify Seller for any loss sustained by Seller as a result of Buyer's breach of this covenant.
5. The parties hereto in executing the Service Agreement and these General Terms and Conditions, acknowledge that these General Terms and Conditions are a part of the Service Agreement.

Buyer: _____

By: Henry P. Panzer

Title: President

Date: 11/19/2010

Seller: South Carolina Electric and Gas Company

By: Martin K. Phalen

Title: Vice President, Gas Operations

Date: 12/2/10